

ORDINANCE NO. 3061

AN ORDINANCE AUTHORIZING AN INTERFUND LOAN BETWEEN THE WATER FUND AND THE STORM SEWER FUND.

THE CITY COUNCIL OF THE CITY OF ANACORTES DOES HEREBY ORDAIN AS FOLLOWS:

WHEREAS, currently the Storm Sewer utility has implemented a series of rate increases to address the cash shortage that has prevented the Utility from conducting the capital projects necessary to meet federal, state, and local requirements but is still cash poor, and

WHEREAS, the Storm Sewer utility suffered a lawsuit from a group that has required the Utility to obtain outside attorneys to provide extensive legal counsel, and

WHEREAS, the Storm Sewer utility does not have enough operating cash to remain cash positive after year 2019 without an influx of cash from outside the Utility, and

WHEREAS, the Water fund has sufficient cash to make an inter fund loan to the Storm Sewer fund to provide sufficient cash to stay solvent, and leave enough cash in the Water fund to not affect its ability to continue operations.

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF ANACORTES DOES ORDAIN AS FOLLOWS:

Section 1. The Water Fund is authorized to loan the Storm Drain fund up to \$200,000. The term of the loan will be three years.

Section 2. The loan amount will be assessed an interest rate which is equal to the current 3 year Treasury rate. As of December 2019 that rate is 1.58%. Simple interest will be assessed against the remaining balance of the loan. Payments will be due on December 31st of each year, starting in 2020, until the loan is paid off. Payoff of the entire balance can be made any year on December 31st, but no later than December 31st of 2022.

EFFECTIVE DATE. This ordinance shall take effect from and after five (5) days after its passage and publication as required by law.

PASSED AND APPROVED THIS 16th of December, 2019.


CITY OF ANACORTES, WASHINGTON:

BY:



Laurie Gere, Mayor

ATTEST:



Steven D. Hoglund, City Clerk

APPROVED AS TO FORM:



Darcy Swetnam, WSBA #40530
City Attorney